REPORT OF THE PHILIPPINE DELEGATION

5th Far East Agricultural Credit and Cooperatives Workshop

THE FIFTH FAR EAST AGRICULTURAL CREDIT AND COOPERATIVE WORKSHOP
(Seoul, Korea, May 10 - 26, 1965)

August 2, 1965

The Executive Secretary
Office of the President of the
Philippines
Malacañang, Manila

S i r :

We have the honor to submit herewith a report on our participation as the Philippine delegates to the Fifth Far East Agricultural Credit and Cooperatives Workshop, which was held in Seoul, Korea, on May 10 to 26, 1965.

It is hoped that this report will be of some usefulness in the improvement and expansion of agricultural credit and cooperative programs in the Philippines as well as a guide for our participation in, or conduct of, similar workshops.

A detailed report on the Workshop is now being prepared by the Workshop secretariat, copies of which, upon completion, will be furnished participating countries. We are presenting in the attached report, therefore, only the highlights of the workshop, and the comments, observations and recommendations of our delegation.

The report begins with recommendations because we would like to draw attention to certain proposals which we believe are essential to the successful and efficient implementation of agricultural credit and cooperative programs in the Philippines. Immediately following the recommendations are comments and observations on which the delegation's proposals are premised.

The report also gives an idea of how the workshop was organized and conducted, what results were achieved and resolutions which were adopted. We have included, as part of the appendices, the more significant remarks and speeches made during the workshop in view of the very enlightening and encouraging ideas and information which they contain.

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The members of the delegation, individually and collectively, acknowledge their gratitude to all those who made possible, and contributed to, their participation in the Fifth Far East Agricultural Credit and Cooperatives Workshop.

Yours respectfully,

THE PHILIPPINE DELEGATION:

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(Chief Delegate)

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RECOMMENDATIONS

The following recommendations, which are based on experiences and observations in Asian countries and ideas which were evolved in the Workshop, are submitted by the delegation for the consideration of government offices and high officials who may be concerned therewith:

1. Creation of an Agricultural Credit Board. The recommendation of the Philippine Delegation to the Fourth Agricultural Credit Workshop held in Taipei in 1962 for the creation of an Agricultural Credit Board is deemed necessary to provide central direction and coordination among government and, if possible, also private agencies dispensing agricultural credit. We vigorously reiterate this recommendation. For this purpose we have appended to this report a proposed Executive Order patterned after that establishing the Loan and Investment Council.

2. Release of Adequate Funds for the ACA. Experience in the Philippines and abroad shows that land reform cannot be successfully carried out unless timely and adequate credit is provided farmers to enable them to acquire necessary tools and supplies and adopt scientific farming methods. We, therefore, recommend that the ACA, as one of the financing arms of the land reform program and the agency supplying credit to small farmers who are without access to the credit facilities of regular financing institutions, be provided with ample funds with which to discharge its credit function.

3. Strengthening of the ACCI. Inasmuch as education and training are acknowledged to be key elements in the successful implementation of agricultural credit and cooperatives programs, the ACCI should be developed as the central organization for credit and cooperatives education and training so that there may be a unified, well-directed and effective program toward this direction. Education

is basically a responsibility of the government. The ACCI should, therefore, be supported with regular government appropriations. The agencies concerned, both government and private, should however continue contributing to its financial requirements.

4. Support and Encouragement of Cooperatives. While cooperatives have been observed to thrive and prosper best under conditions where governments provide only necessary guidance and restraints, in underdeveloped and developing nations government support and encouragement are necessary to promote and stabilize the movement. It is recommended that all kinds of incentives like tax-exemption privileges and use of the facilities of cooperatives to channel government assistance to farmers, be provided without in any way curtailing the voluntariness of their organization and the autonomy of their management and operation.

5. Mobilization of Rural Savings. Savings in the rural areas should be tapped as a possible source of credit for farmers and their cooperatives. The organization of credit union type societies among farmers with possible tie-up with marketing and purchasing associations should be explored.

6. Continuing Study Group for Credit and Cooperative Workshop Purposes. There is need for a continuing body which will conduct liaison with, and undertake preparations for, the next credit and cooperatives workshop, as well as to see to it that recommendations of the previous workshop are properly studied and applied to local conditions. It is, therefore, strongly urged that the members of the Philippine delegation be constituted into a study and advisory group which will assist the proposed Agricultural Credit Board and undertake necessary preparations for, and liaison with, the next workshop. This group shall serve as such until the next delegation is formed.

COMMENTS AND OBSERVATIONS

1. Korea, the host country, made excellent preparations and arrangements for the Fifth Far East Agricultural Credit and Cooperatives Workshop. The hospitality accorded us was both gracious and generous. No effort was spared to make the workshop both fruitful and enjoyable.

2. Worthy of note were the precise timing and coordination observed throughout the conduct of the workshop. All activities began and ended exactly at the scheduled time. There was no confusion and everything ran as originally programmed. It was as if all possible problems had been anticipated, and a "dry-run" of each activity, conducted.

3. In a brief span of five years or so, the Korean government has developed a relatively strong cooperative movement and a successful agricultural credit program. This can be attributed to the determination, industry and discipline of the Koreans as a people. Ravaged by war and placed at a disadvantage by severe winters, the Koreans have sought in earnest, perhaps even in desperation, for effective ways and means of solving their economic and social problems. They have found the cooperative approach desirable and have ceaselessly strived to make it work.

4. Experiences in the different countries, both as regards problems and elements of success did not differ too much. One could listen to the experiences of one country and feel as if the experiences in his own country were being recited. But on degrees of success and methods applied to solve problems there were notable differences. All were agreed, however, that cooperatives provide a convenient and effective medium for the exercise of joint farmers' efforts and channelling of government assistance in the development of agriculture and rural living. The real problems confronting every country is how to make cooperatives and credit programs work at their best. This is the common object of unending quest.

5. In the more agriculturally advanced countries like Japan, Taiwan and Korea, it was noted that land reform contributed tremendously to increased productivity and improved living conditions of farmers. Taking steps to make them the owners of their farms, however, was not sufficient to achieve agricultural and rural development. The land reform programs in these countries required

the provisions of timely and adequate credit, initially by the governments, and, ultimately, by or through the medium of farmer-owned-and-controlled organizations.

6. Considerable interest was shown in the Workshop on the accumulation of farmer-owned capital in cooperatives. Korea has a five-year "capital raising" plan. In Japan and Korea thrift and savings are promoted by cooperatives and their primary-level associations are authorized to receive deposits from members. Many cooperatives in those two countries have more deposits than they can loan out to members. It is about time that the credit union type organization is integrated into the FaCoMas in order to encourage and mobilize rural savings.

7. Cooperative education and training seems to be a key element to the success of cooperatives. While this is a recognized fact anywhere in the world, this aspect of cooperative work deserves the attention and financial support of governments, because very few cooperative movements can underwrite their cost without government assistance.

8. In the agricultural credit field, collaboration and coordination among the different agencies concerned appear desirable. For a long time farmers and their cooperatives will be primarily dependent on government financial assistance. The activities and programs of the various government offices dispensing agricultural credit should not be duplicating, but rather, complimenting, each other.

9. Members of the Workshop were united in the thinking that while governments have to promote cooperatives, the voluntariness of cooperative organizations and autonomy in their operations should not be curtailed. Farmers and their cooperatives should be allowed maximum participation in the formulation and implementation of policies affecting agriculture.

MALACAÑANG
RESIDENCE OF THE PRESIDENT
OF THE PHILIPPINES
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER No. ___

CREATING THE AGRICULTURAL CREDIT PLANNING BOARD

WHEREAS, agricultural credit plays a vital role in the development of the country's agricultural economy and in the upliftment of the living standards of the rural people;

WHEREAS, in order to maximize the use of agricultural credit, it is imperative to plan and coordinate the policies of the various government agencies dealing in the grant of agricultural credit;

NOW, THEREFORE, I, DIOSDADO MACAPAGAL, President of the Philippines, by virtue of the powers vested in me by law, do hereby create the Agricultural Credit Planning Board.

1. The Board shall have the following composition:

Governor of the Central Bank -	Chairman
Chairman of the National Economic Council - - - - - - -	Vice-Chairman
Director-General of the Program Implementation Agency - - - -	Member
Secretary of Agriculture and Natural Resources - - - - - -	Member
Chairman of the Development Bank of the Philippines - - - -	Member
President of the Philippine National Bank - - - - - - - - -	Member
Chairman, Land Reform Council-	Member
President of the Philippine National Cooperative Bank - -	Member

2. The Board shall have the following duties and functions:

(a) To formulate short-range and long-range plans and policies for the effective and efficient implementation

of agricultural credit and cooperative programs;

(b) To serve as an advisory board to member institutions on the financing of agricultural cooperative activities; and

(c) To perform such other functions as will contribute towards the attainment of the afore-mentioned objectives.

3. The Board is hereby authorized to have such personnel as may be assigned or detailed to it from member institutions, and to draw upon such amount as may be needed to carry out its duties and functions from such available funds as may be needed for the purpose under existing rules and regulations, subject to the approval of the President of the Philippines.

Done in the City of Manila, this _____ day of _____ in the year of our Lord, nineteen hundred and sixty-five.

DIOSDADO MACAPAGAL
President of the Philippines

WORKSHOP ORGANIZATION

The Fifth Far East Agricultural Credit and Cooperatives Workshop, held at Seoul, Korea on May 10 to 26, 1965, was co-sponsored by the Ministry of Agriculture and Forestry of the Republic of Korea and the U.S. Agency for International Development (Korea). The National Agricultural Cooperative Federation of the host country assisted in the planning and financing of the program for the workshop and played the principal role in making necessary arrangements for the accommodation, entertainment and study/observation of the delegations.

Seven countries participated in the workshop; namely, (1) the Republic of China, (2) Japan, (3) Republic of Korea, (4) Republic of the Philippines, (5) Kingdom of Thailand, (6) Republic of Vietnam, and (7) the Ryukyus.

Six International Organizations: the Afro-Asian Rural Reconstruction Organization (AARRO), the Cooperative League of the U.S.A., the Economic Commission for Asia and the Far East (ECAFE), the Food and Agriculture Organization of the United Nations (FAO), the International Bank for Reconstruction and Development (IBRD) and the International Cooperative Alliance (ICA), sent observers to the Conference. In addition, USAID Advisors in the participating countries came and provided technical assistance, AID/Washington made available the services of Dr. John M. Eklund as Consultant of the Workshop.

Before the opening of the workshop, a steering committee was created. This committee was composed of the Chief Delegates of the member countries, their respective AID Advisors and the Workshop consultant.

During the first plenary session, Dr. Nam Kyu Chung, the Korean Chief Delegate, was unanimously elected as chairman of the Workshop. As in previous years, the Chief Delegate of the country where the last workshop was held (China) was elected as first vice-chairman, and that the next prospective host country (Thailand) as vice-chairman.

The delegates, observers and advisors were divided into five work groups. The Philippine delegates

were so assigned by the Chief Delegate as to provide participation in all of the work groups. The basis of assignment was the specific interest or topic which each delegate believed he could make the most contribution. Each work group elected its own chairman and secretary.

On account of their better command of the English language than the other delegates, the Filipino delegates as a rule were chosen as secretaries of the different work groups.

Mr. Solomon G. Cabrera was elected Secretary of Work group 1; Mr. Honesto O. Francisco, of Workgroup No. 3; and Mr. Alexander H. Brillantes, of Workgroup No. 4.

Mr Mariano E. Gimenez was elected chairman of Workgroup No. 5.

A committee on resolutions was created by the chairman of the workshop, with Mr. Emilio P. Salvatierra of the Philippines as chairman.

The workshop was held at the Walker Hill Resort, which operates both hotel, conference, and recreation facilities. Delegates were also housed in the resort.

Secretarial services were provided by the host government and AID/Korea.

WORKSHOP PROCEEDINGS

Although delegates were requested to arrive earlier, the workshop formally opened on Monday, May 10, 1965. The opening ceremonies were attended by the diplomatic corps and speeches were made by important personages. These speeches form part of the appendices of this report.

In the afternoon of May 10, 1965, the workshop proper started with the introduction of delegates and observers, the election of workshop officials and the adoption of the workshop agenda and procedures. After these preliminary activities, country reports were presented and discussed. Mr. Honesto Francisco, chief of the Philippine Delegation read the country report of the Philippines.

The next two days, May 11 and 12, were devoted to continuation of country reports and the presentation and discussion of major papers. Each country presented major papers on two of the following subjects:

1. Problems of credit delinquency among farmers and how to deal with them.

2. What makes village or primary level cooperative succeed?

3. Effective education and training of credit and cooperative personnel.

4. Elements of success and problems in the development of cooperatives during the past 10 years.

5. Land resource development and the role of agricultural cooperatives.

The Philippine delegation presented papers on topics number 1 and 4. The first was read by Mr Mariano Gimenez, and the second by Mr. Solomon G. Cabrera.

In the afternoon of May 12 work groups were formed. Work group sessions were held on May 13 and 14. On May 15,

the whole day was used for visits to the Head Offices of the National Agricultural Cooperative Federation (NACF) and establishments operated by it such as the Rural Handicrafts Production Center, the Seoul Cooperative Marketing Center and the Seoul Milk Cooperative.

During the next four days, May 16 to 19, field trips were made to familiarize the delegates with conditions in the rural areas and to observe the organization and operation of cooperative and credit organizations serving farmers at the village, townships and provincial (federation) levels. In the evening of May 19, the delegates were back to Walker Hill.

Work group sessions were resumed on May 20 to finalize the group reports. On May 21, the work group reports were presented, discussed and adopted in plenary session.

In the morning of May 22, the workshop discussed and adopted resolutions proposed by the resolutions committee. The conference was officially closed at 11:00 o'clock in the morning of May 22, after a brief ceremony consisting of a speech given by the Minister of Agriculture and Forestry of Korea, comments and evaluation by the Workshop Consultant, responses by the Chief Delegates of the participating nations and the closing remarks of the Chairman of the Workshop. The speeches are included in the appendices to this report.

WORKSHOP RECOMMENDATIONS

The following conclusions and recommendations as finally adopted by the delegates in plenary session comprise the substantive results of the workshop:

Workgroup I. The Role of Cooperatives and Credit in Agricultural and Rural Development

1. Governments must continue to create the proper climate and incentives for the encouragement and growth of cooperatives. Farmers must, however, be given every possible opportunity to identify and solve their own problems through their own efforts.

2. Until such time as cooperatives can accumulate sufficient member-owned funds and merit the approbation of regular financial institutions, governments will have to be the main source of credit for cooperatives and their members. Thrift and savings among farmers will, however, have to be promoted so that they can contribute to hastening the financial stability of their associations.

3. Cooperatives can be the focal point for government assistance and guidance programs for farmers. Such an arrangement will not only make it convenient and economical for governments, but also will give cooperatives good training in the administration of their affairs.

4. Agricultural and rural development projects such as large water control and irrigation systems, land reclamation, land resettlement, etc., should be initiated by governments and whenever possible turned over to cooperatives for operation and management.

5. Cooperatives should undertake more intensive extension and farm management techniques through collaboration with local government personnel. Technical guidance to farmers by government can be supplemented by cooperatives that are in a position to employ their own technicians.

6. International trade between cooperatives should be strongly encouraged where buying and selling cooperatives

have compatible needs. Opportunities exist for the exchange of raw materials and finished products between Asian countries of different levels of economic development. Successful agreements have already been concluded between cooperatives in Thailand and Japan with increased benefits to cooperatives in each country.

7. In assisting subsistence farmers, large centrally located cooperatives can be of service to surrounding areas by offering technical production and marketing services even though actual credit would not be involved. As small farmers improve they can be brought into credit programs of the cooperatives.

Workgroup II Institutional Arrangements for Supply of Effective Agricultural Credit to Increase Production and Productivity

1. It is recommended that credit institutions, in order to be able to fulfill their functions in accordance with the lending policies set by a national body, must obtain easy access to rediscounting facilities at the Central Bank. It is further recommended that savings programs be initiated, the success of which will be assured by higher interest rates, simple deposit and withdrawal procedures, and deposit insurance.

2. It is recommended that development loans should be derived from the national budget within the framework of the agricultural development program. International borrowing may have to be called upon for assistance in rural economic development.

3. It is recommended that procurement be closely tied to credit extension to the point of making loans as much as possible in kind, or of the lender paying the supplier on behalf of the farmer.

4. It is recommended that the input-output stage of the cycle is continuously and closely supervised by agricultural specialists on the staff of the lending institution who will work in collaboration with government extension services and will have to be supported initially, but perhaps only partially, from government funds.

5. It is recommended that triangular set-ups on contractual bases be made the mainstay of marketing efforts. Such arrangements will be eventually an internal cooperative function but may have to engage private entrepreneur and/or government agencies in the early stages.

6. It is recommended that extra-judicial procedures are introduced for enforcing the fulfillment of such contracts wherever and whenever the almost automatic character fails to function.

7. It is recommended that joint liability within limited groups be introduced for the facilitation of loan collection. Size and composition of the group must be acceptable to the lending institution.

8. It is recommended that farmers who do not have repayment capability (sub-marginal farmers), must fall under special government programs (development programs), which may either be financed from special funds or from cooperative funds if guaranteed by the government.

9. It is recommended that the rural banking system provide the stimulus to the creation of the multi-purpose cooperatives where they do not exist, or until they have been formed.

Workgroup III Problems and Techniques of Improving Resources of Cooperatives

1. It is recommended that the delegates of all countries represented in this workshop consult with their respective governments with a view toward developing comprehensive and integrated action programs to deal with (a) the basic problems of increasing productivity and income of farmers; (2) the task of effecting structural improvements in cooperatives at various levels in order to help them function as viable units; and (c) the adoption of such measures as are necessary for capital accumulation, increased savings and deposits.

2. The national level offices or agencies concerned with cooperatives should emphasize the building up of funds for cooperatives and agricultural credit institutions. To that end (a) the legal difficulties, if any, for increasing

share capital and reserves should be removed, (b) the feasibility of adopting some measure of compulsion for accumulating capital and reserves of cooperatives should be examined, and (c) the necessary supervisory and advisory services should be provided free to these institutions.

3. While efforts for mobilizing capital and domestic savings deserve high priority, it is recognized that in the foreseeable future these resources will not be sufficient to meet the increasing needs for production credit in a developing economy. Therefore governments or central banks should provide funds to agricultural credit institutions directly or through the rediscounting of eligible agricultural paper. The availability of such accommodation at concessional rates of interest could help strengthen cooperatives. It might be mentioned in this connection that where such short-term credit is used for the adoption of techniques that result in increasing farm productivity, the risks of adding to inflationary pressures are not significant.

Workgroup IV Types and Places of Service and Business of Different Levels of Cooperatives

1. The cooperative approach is the most efficient instrument for the improvement and modernization of agriculture in the counties of the region. No other method seems to offer as efficient a channel to reach and influence the individual farmer. In view of this, it is recommended that cooperatives should be given necessary government support and that any government plans for the development of the agricultural sector of the economy should be carried out with an intensive involvement of the cooperative movement.

2. A system of primary multi-purpose cooperatives would lead to a speedier development of the cooperative movement. It must be ensured that the size of the societies is large enough to make them economically viable and efficient. To maintain and promote the cooperative spirit among the members in large societies, it is important to introduce an efficient member education program at an early stage. The large societies could also be split up into informal groups in order to maintain an intimate inter-communication among the members. The governments of the

countries in the region are urged to undertake proper research regarding the size, viability and other aspects of primary cooperatives in order to promote their efficiency.

3. To strengthen, support and coordinate the activities of the primary societies, it is necessary to establish federations which would provide the societies with economic and non-economic services. The federations should be established on a national level. In some countries, it would also be necessary to establish regional federations in addition to the national federation. The government should as far as possible try to channel its assistance to the cooperative movement through the existing national organizations. Wherever national cooperative organizations have not yet been established, the government should give full support to the establishment of such bodies.

4. As long as the volume of cooperative activities is limited, one over-all federation would be sufficient to manage the various functions on the national level. With diversification and growth it may become necessary to establish specialized federations which would add to the efficiency and strength of the movement, not the least through their increased bargaining power. To ensure proper coordination of the activities of the specialized national cooperative organizations in various sectors of cooperative movement, it would be advisable to create an over-all coordinating union.

5. Affiliation of national cooperative organizations with international bodies like ICA, IFAP, and CUNA International, is most desirable in furthering international cooperation. It is strongly felt that efforts undertaken by the Regional Office of ICA and other international bodies to promote international cooperative trade be further strengthened and developed and that national cooperative organizations are urged to support this activity.

Workgroup V. Institutional, Financial, and Technical Arrangements for Informational, Organizational, and Educational Activities for Cooperative and Credit Service

In the light of the importance of cooperative and credit education in the countries, consideration should be given to the social and economic effect of cooperative and credit programs in their instructional programs. To this end, it was proposed:

1. That the Agricultural Credit and Cooperatives Institute, University of the Philippines, undertake a project study that would cover financing, curriculum, etc. of the said institute; and Japan's Institute for the Development of Agricultural Cooperatives in Asia invite representatives from Japan and third countries to decide on the action to be taken in establishing these institutions into active regional training centers.

2. That national and/or central educational institutions specializing in high level agricultural credit and cooperative training programs should be set-up to train only highly selected personnel who in turn shall implement the multiplication method of teaching in secondary training centers.

3. That closer cooperation and coordination of educational programs between governmental, semi-governmental, non-governmental voluntary agencies and national cooperative publications be promoted.

4. That participating countries should recognize officially, that cooperative training and education is practical training in democratic processes and therefore, each country should consider undertaking the credit and cooperative movement as a national movement.

WORKSHOP RESOLUTIONS

RESOLUTION NO. I

The Fifth Far East Agricultural Credit and Cooperatives Workshop, held in Seoul, expresses its profound thanks and most sincere appreciation to:

(a) The Government of the Republic of Korea for its whole-hearted assistance and cooperation as host country to the Workshop.

(b) The Agency for International Development, particularly its Mission to Korea, for providing extensive technical assistance necessary to enable maximum participation by Far East countries and for developing a coordinated program for the various work groups comprising this Workshop.

(c) The people of Korea for their kindness, courtesies and warm hospitality; the various credit and cooperative organizations and agricultural institutions, both government and private, of the Republic of Korea, which shared their experiences with the delegates and provided excellent examples of their activities from which the delegates could profit.

(d) Dr. Nam Kyu Chung, Vice-President, National Agricultural Cooperative Federation, who presided at the opening ceremonies and the elected Chairman of the Workshop; H. E. Kyun Hi Tchah, Minister of Agriculture and Forestry, who inaugurated this Workshop and all those associated with them.

(e) The technical assistance of Dr. John M. Eklund, Project Director, International Projects, National Farmers Union of the United States, through whose leadership and inspiration this Workshop has achieved

its maximum success and other advisors who helped to plan and participate in this Workshop.

(f) The preparatory committee and the Workshop secretariat who worked long hours under pressing conditions to provide a maximum of services and logistic support to the various delegations.

RESOLUTION NO. II

The Fifth Far East Agricultural Credit and Cooperative Workshop recognizes the contribution of the previous workshops to the implementation of various improved agricultural credit and cooperative programs for agricultural development in the participating countries. It is the concensus that there continues the necessity to hold successive workshops to seek the answers to problems in order to meet the changing requirements. of growing economy in the respective countries. On this account the Workshop looks forward to the succeeding Workshop and accepts the invitation extended by the Delegation of the Kingdom of Thailand to the Sixth Far East Workshop for Agricultural Credit and Cooperatives in 1967 in Bangkok, Thailand.

RESOLUTION NO. III

The Fifth Far East Agricultural Credit and Cooperatives Workshop, realizing the need for participating countries to be in constant touch with each other to be informed of advancements attained in agricultural credit and cooperatives, hereby resolves:

(1) That each participating country be requested to submit to the last host country a report of its achievements, problems and/or experiences on agricultural credit and cooperatives at the end of every six-month period, counting from the date of the close of each Workshop; and the last host country to summarize

these reports for distribution to all member countries and all international agencies represented. The chief delegate of each country is requested to establish a correspondent in his country and to advise the host country agency of the proper address of such designated correspondent.

(2) That at the end of twelve months from the close of the last Workshop each country should send the reports referred to above to the next host country, which will then summarize and distribute the reports in the manner indicated above.

RESOLUTION NO. IV.

Deep appreciation is expressed for the participation and the many valuable contributions of the international agencies represented. It is the hope of the Fifth Far East Agricultural Credit and Cooperatives Workshop that these international agencies will continue to strengthen their assistance to agricultural credit and cooperatives in the Far East, and that their respective offices will endeavor to coordinate their activities in this field with the programs and activities of the Workshop.

The continued participation of international agencies with interest in the agricultural credit and cooperative field in the Far East Agricultural Credit and Cooperatives Workshop is sincerely invited.

RESOLUTION NO. V

The Fifth Far East Agricultural Credit and Cooperatives Workshop, resolves: -

(1) That in countries where cooperatives have only feeble beginnings, the government should accelerate their growth over a wide area by providing initial capital, and by providing guidance and assistance rather

than control, for the best interest of the producers and the national economy; an alternative measure may be adopted through a system of rural development banking already existing in one of the participating countries. Those responsible for agricultural matters in the government should bend their efforts towards using social and economic instruments, such as cooperatives and sound credit, to expedite and encourage orderly, peaceful and beneficial change.

(2) That where governments have helped establish cooperatives, serious attention should be devoted to creating a favorable climate for greater autonomy and voluntary action by individuals. Procrastination and unnecessary delays should be avoided.

RESOLUTION NO. VI

To expedite agricultural development through agricultural credit and cooperatives, consideration should be given by responsible agencies to the establishment of a central Asian institution to aid in marshalling capital resources of the developing Asian countries for implementing agricultural development programs.

RESOLUTION NO. VII

Be it resolved that the Fifth Far East Agricultural Credit and Cooperatives Workshop held in Seoul May 10 through May 22, 1965 in plenary session assembled approves and adopts the reports of the work groups of the Workshop as submitted by the respective Work Group chairmen, amended by the Workshop and with such insertions and deletions as approved and the foregoing Resolutions, I through VI, and orders that copies of these resolutions be furnished the governments of the participating countries, the participating international agencies, Agency for International Development and its branches around the world.

Speech: Mr. Joel Bernstein, USOM Director
At the opening of the Fifth Far East
Agricultural Credit and Cooperatives
Workshop (May 10, 1965)

THE ROLE OF RURAL SAVINGS IN ECONOMIC DEVELOPMENT

Mr. Chairman, distinguished delegates and observers of this, the Fifth Far East Agricultural Credit and Cooperatives Workshop:

In behalf of Ambassador Brown and of the U.S. Operations Mission to Korea, I wish to add my cordial greetings to those that you already have received from the host Government. Ambassador Brown regrets very much that other commitments prevented him from being here in person to extend his greetings.

While I realize that these are to be working sessions, I should like to compliment those responsible for selecting this lovely site for the Workshop, and to express the hope that the beautiful surroundings do not distract you too much from the business at hand.

Among the many benefits of a regional conference of this type, the stimulus of fresh thinking from other nations is perhaps foremost. Our friends in NACF are certain to derive many new ideas from the discussions of visiting delegates, and I am equally confident that there is much to be learned out of Korea's own experience in the agricultural credit and cooperative field.

In my brief remarks I shall attempt to identify, without reference to any particular country, some of the broad functions of rural savings in a developing economy. Virtually all of the newly developing countries are predominantly agricultural in character. It follows that agriculture must provide the bulk of the resources to support development as a whole. Grants and loans from external sources may comprise a significant -- or even a decisive -- addition to the domestic resource base; but most of these countries' resources must come from their own production and their investment resources from their own savings.

I mention these truisms only to underscore the vital role of rural savings in most of the nations represented here today. Whether we view such accumulations as seed to be replanted in agriculture, or redirected toward industrial expansion, or applied to the infrastructure or -- as is usually the case -- utilized in all three

sectors, we are talking about the role of rural savings in generating ever increasing income for the nation.

There is, of course, a great deal more to the story. I know of no system for encouraging the accumulation and productive use of savings, without the use of sheer compulsion, that functions satisfactorily in an atmosphere of inflation. Quite apart from its unsettling political effects, persistent depreciation of a nation's currency tends to drive many people to efforts at self-protection. In the rural sector, these reactions may take the form of hedging in rural or urban real estate, stockpiling of inventories that have no current economic usefulness, excessive consumption, usurious lending on unproductively short terms, or any of a number of manifestations of uncertainty in the future value of money savings or of any property except idle wealth. Certainly long term productive investment suffers. A slowing of the growth processes is the best -- economic stagnation or retrogression the worst -- of the end results of inflation. During his recent visit to Korea, Dr. Rostow described graphically the growing Latin American experience with the growth frustrating results of inflation.

Just as the rural sector shares in the benefits to national production and real income and morale that result from economic stability and the accompanying growth of savings, so it must share in the discipline regarding expansion of the money supply that is required to achieve stability. This means the acceptance of "credit ceilings," which I know are not universally held in reverence. Excessive credit, by creating inflation, reduces the supply of savings which could take the place of the excessive credit in providing lending resources. So we have a vicious circle -- excessive credit expansion that creates inflation, lower savings as a result, pressure for more credit, and so on.

What can we say about some of the more specific relationships of savings and credit to agricultural productivity. Of course, you are aware of the time honored package of research, extension, credit and marketing which all have an important role to play in raising productivity. These four basic services are wholly complementary, and the neglect of one leads to the neglect of all.

Credit to support farm production, however, is an especially powerful factor underlying economic progress in less developed countries. In all ages and in all places, farmers, as well as other producers, have utilized credit under a wide range of sponsorship

and terms. Though we know that unorganized money markets exist everywhere, I am sure we would agree that proper organization of credit service offers by far the most economical and effective means of performing those services.

There arises then the question of what kind of organization? It is not because I stand before an audience devoted to the principles of cooperatives that prompts me to favor the cooperative approach. Rather, it is because, at its best, a cooperative offers its members benefits that extend well beyond those accruing, say, to a borrower from a commercial bank. And a cooperative "at its best" or a true cooperative must have a substantial investment of its members' own savings. This will encourage the members to take an active and responsible interest in the cooperatives' activities.

It seems to me that the most important single benefit received by a member of a true cooperative is the right to participate in the decision-making that governs the organization. This type of participation can be one of the finest examples of training for responsible citizenship. It involves a sharing of experiences with one's neighbors on matters that are critical to the individual. It invokes a type of mutual responsibility which tends toward the highest common denominator of group judgment.

But cooperative participation is more than these things. It can be an economy measure. No member of a cooperative is going to sit idly by and see his own resources squandered by poor management or excessive overhead costs. On all policy matters he is likely to be more alert than is the case when the affairs of the organization are administered through a government hierarchy.

On the other hand, if a government supplies the greater part of the loan funds, it cannot logically abdicate its responsibilities to the taxpayer. The government under these conditions is obliged to control and direct the operations of the organization. The bureaucrats concerned, being human, often extend their powers down to details, adding very considerably to administrative costs. Apart from extreme cases, the membership is unable to redress its grievances quickly and satisfactorily, when it occupies a small minority position on the funding side.

You may rightly ask how farmers' savings are to be obtained by cooperatives and funneled through the economy for maximum impact, in the interest of the farmers' well-being and that of their

countrymen. It is to be hoped that this Workshop will explore in depth methods of attaining this goal. Meanwhile, and in full view of the experts, I shall dare three comments:

First, credit cooperatives and their allied institutions must command the unreserved trust of their membership. Demonstrated, successful performance is the prime requisite for convincing farmers that their cooperative is the healthiest depository for their savings.

Second, the returns on the deposits of members must bear a tolerable relationship to those available in the unorganized money market. Interest or dividends may have to be quite high until such time as general inflationary tendencies in the economy are brought under control. Similarly, interest rates on loans should reflect the actual cost of obtaining the money, so as to conserve the use of savings and direct them to the investments that are the most productive.

Third, forced savings in one form or another might have to be utilized in the early stages. This may be done in various ways, so long as the technique chosen is compatible with the environment and does not penalize members heavily compared to alternative uses to which they might put their savings.

I think that I have said enough to indicate the great importance of the topic of this Workshop for the economic development of the countries represented here. We in A.I.D. are certainly looking forward to receiving the results of your work. I close by wishing you well in this endeavor.

Address: Dr. John M. Eklund
Consultant to Fifth Far East Workshop
Agricultural Cooperatives and Credit

Mr. Chairman, Excellencies, distinguished delegates and observers of this, the Fifth Far East Agricultural Credit and Cooperative Workshop:

I should first of all wish to indicate sincere appreciation for the fine statements made by Ministers Tchah and Hong, and that of Dr. Bernstein. Their presence here and the contribution they have made by the counsel provide a fitting beginning for what we all know will be a most successful meeting.

To President Moon, may I respond in behalf of all of us for the tremendous job of preparation and his warm welcome.

The reputation of Koreans as a gracious host is exceeded only by the reality we are experiencing these days together.

This workshop convening in the spring of 1965 comes at a most strategic and important time for the free countries of the Far East and for agriculture.

The very fact that the countries in this part of the world comprise 53 per cent of the world's people and account for 32 per cent of the agricultural production indicates the dimension of importance -- the tremendous surge being made to close the gap between the more advanced industrialized countries, and the urgency with which these same free nations in attendance here are facing within their countries the closing of the gap between those in agriculture and those in more favorable economic arrangements indicates the strategic importance of this meeting.

I have had the opportunity to visit most of the countries in attendance here and while in some areas of the world we speak of the time as "five minutes until midnight" -- in the Far East the sun of a new day is beginning to break through.

All of us here realize, I am sure, that there are common problems faced by the agricultural sector in every country -- the farmer

even in the best of circumstances "sells on a buyers market" and "buys on a sellers market" -- farmers even in the most affluent societies have an average income of less than half of the national averages.

This workshop is concerned with both of these dilemmas. The ultimate concern in reviewing our considerations of productivity, technological progress, capitalization of the farm sector, marketing and supply arrangements is for the people. All other considerations are a means to an end rather than an end in itself.

Common to every country is the continuing problem of capital depletion in the rural farm areas and the almost insurmountable tasks of how a government can feed back into agriculture the needed capital and resources necessary to achieve balanced economic development.

A warning flash should be on every instrument panel of economic planning -- that economic growth cannot evolve unless the purchasing power of the rural people and the values of agricultural production move apace with all other development.

It is encouraging to see the increasing evidence of attention being given to programs, policies and implementations which feed in at the base. We in this workshop are indeed fortunate in that our considerations and deliberations involve in every sense the direct flow of vitality in to every economy.

Credit and capitalization in agriculture represent the most direct and effective stimulus to overall economic advancement. In my country we have a "rule of the thumb" evaluation of a dollar fed in to agriculture. If the dollar goes directly into the spending stream, it enhances itself seven times, if it is fed into the agricultural productivity stream, its value multiplies thirteen times.

I am sure that in these countries of the Far East where the agricultural share of the gross national product ranges from 31 per cent in Taiwan to 50 per cent in Japan this has dramatic effect in the raising of living standards, and speeds the total economic development as well.

Parallel to the problem of the proper emphasis on the agricultural sector is the entire question of land policy. Mindful of the hazards of fragmentation and of uneconomic farm units, land reform,

land development programs, resettlement, and the initial subsidizing of new land owners still represent conditions of basic policy. Ways must be found to generate sufficient capital from within, or from without through international capital assistance (a World Land Bank) to enable the countries of the world to put the land holdings into the hands of the producers themselves. Land reform, however, is not a one time job -- basic land policies and capitalization of agriculture is a continuing, unending task.

I would hope that this workshop would consider the problems of agricultural credit and agricultural cooperatives in the broad frame of reference in which they rest. This frame of reality involves a number of specific and definite relationships.

Agricultural Policy

The position of farmers and the farm economy cannot possibly be improved in a farm commodity price jungle. Prices set by brokers, middlemen and gamblers are a catastrophe not only to the producers but to consumers as well.

No instrumentality short of national government can ensure wide stabilization of farm prices. There is a role the government must inevitably play if farmers are to be assured a just price in terms of their input requirements, labor and capital.

Such assurances form the foundation for sound credit programs and the development of marketing and supply cooperatives. Without stabilization, both credit and cooperative efforts have to operate in the same tenuous circumstances the majority of farmers now contend with.

Capitalization

The realities in farm production as related to other sectors of the economy constitute a continuous capital drain out of agriculture. In industrialized countries this takes the form of increasing mortgage debt and lowering standards of living. In agricultural economies it often takes the form of human exploitation.

Just as the industrialized nations are now beginning to face up to recapitalization -- the dominantly agricultural societies must look to initial long term capital inputs.

Again intermediate credit to enhance agricultural capability and short term production credit live in favorable climate only if there are capital balance efforts being made.

Such capital formulation extends beyond the governmental efforts which are essential, to uncovering and putting to work the resources which do exist even in the most depressed of circumstances. Farmer cooperatives are effective instruments for this capital formulation and traditionally have performed a major role in this regard.

Agricultural Credit

One of the great dilemmas is the load which is put on rural credit institutions to perform not only the task of providing a constant flow of "good risk" credit, but assuming as well the burden of "poor risk" credit.

In the main there will always be available from commercial sources and the engendered accumulation in agriculture itself credit for the established good credit risks. However, even in the best traditional credit circumstances the cost of credit is excessively high and acts as a brake in getting resources into agricultural production. Our task here is to assure that the mechanisms established and operative move to extend as rapidly as possible at a fair interest rate.

Far more difficult than this is the provision of credit to enable marginal and subsistent producers a "first step up the economic ladder." The concept here inevitably must concern a combination of some dimensions of grant, with supervision and farm planning, and in the softest practical terms.

Again the "soft credit" must be thought of as investment in the future and in human beings -- and the target to move "soft debtors" into "good risk debtors."

Agricultural Cooperation

Just as agriculture has a direct relation to overall economic development, so do the farmer owned institutions have direct relation to agricultural progress. Farmers long since have discovered that there are already too many elements which they cannot control and are of a mind and will to exert such influence as they can over those elements in which there is some hope of control.

The development of agricultural cooperative institutions has in recent years taken on even more dramatic overtones. In countries emerging from colonial arrangements seeking as they must an infusion of planning, of development capital, and a new economic base cooperatives have presented the one means by which national economic planning, governmental supervision and guidance could proceed without sacrificing basic economic and political freedoms.

Since 1961 the encouragement of cooperative development has been a part of the foreign policy of the United States. Senator Humphrey, now the Vice President of the United States, in proposing an amendment to the United States Foreign Assistance Act of 1961, referred to cooperatives as a means of generating the economic muscle of the people but providing practical, effective democratic procedures as well.

As this great gathering of knowledgeable cooperative and credit leaders know better than I, implementation of these concepts is difficult and frought with problems.

Just as you in the Far East seek workable procedures, so are almost all the countries in the world. Your deliberations will have high visibility everywhere.

Some of the problems are unmistakably clear. May I mention just a few.

In countries seeking to use cooperatives as an economic instrument in total development planning, the role of government initially will inevitably be a very large one. At the beginning of new bold development efforts governments will be the prime source of cooperative capital, provide the regulatory framework, train and supervise management, dictate policy, audit accounts, and even in some cases direct operations as part of government.

This high involvement, however, must diminish in time if cooperatives are ever to become viable economic instruments owned, operated and controlled by the members. I know of no country presently engaged in encouraging agricultural cooperatives in which the hope is not present for an early practical withdrawal of direct government domination or control.

In working with some fourteen of these countries, I have always suggested that there is a legitimate permanent role which government must engage. Just as all enterprises come under some regulatory arrangement, so must cooperatives. Certainly, governments in behalf of all the people need to exert regulations, provide the legislative framework and enforce fiscal accountability.

Human Values in Cooperation

The human values in cooperation cannot be overestimated. For many farmers the first effective practices in decision-making come as they become members of boards, the patrons as they exercise their voting franchise likewise shape decisions to the problems. Frequently, the first economic step upwards is taken by means of their investment in their own cooperative. In the final analysis, farmer cooperators are taking the first steps toward economic independence, although the journey may be a long one.

The cooperative frequently becomes a community center and the base for community and village improvement by widening its functions and activity.

Cooperative Trade

International trade among cooperatives is rapidly becoming the most challenging of all the aspects of cooperative development. The stultified trade channels -- from producer, to handler, to middleman, to brokers, to exporter, to importer, to handlers, to retailers, eventually back to producer can and must be short circuited.

Cooperatives by developing working trade relations can deal with each other. I'm certain this workshop will explore the implications and possibilities of international cooperative trade.

A residual value of far greater implications than trade among cooperatives can be stimulated, however, by cooperatives taking the lead in this direction. I refer to the implications of comprehensive regional trade relations.

While the fact of world community and its economic implications is on its way, it appears that regional economic and trade arrangements have become a necessary stepping stone. The common market in Europe and other regional arrangements in Latin America and in Africa suggest that each region may need first to

look to its own broadening base -- and thence to inter-regional such as a Pacific Agricultural Trade community and finally to a world in which trade barriers come down.

I can't resist pointing out, however, that freer trade alone will not move agricultural nations into the economic sun. Countries face the same dilemma as individual farmers who sell raw products in the market place, and in turn buy finished goods.

Nothing short of a compensatory trade policy relating to agricultural commodities in which both the agricultural and the more industrialized nations can concur can begin to generate a more equitable trade balance.

Finally, in these days ahead, I would hope we would challenge our thinking to the utmost. Cooperatives are human institutions admirably suited to perform the tasks individuals cannot do for themselves. How we make them work for people in the face of difficult and tedious problems is the unending task.

In this great region of the world, let us join together in the major tasks of income improvement, institution building and human development so sorely needed.

Address: Mr. Kim, Hak-Yul, Vice-Minister
Economic Planning Board
Delivered at the Fifth Far East
Agricultural Credit and Cooperatives
Workshop (May 11, 1965)

Honorable Chairman, distinguished delegates, ladies and gentlemen . . .

About ten years ago in 1958, when the first Far East Agricultural Credit Workshop was held in Manila, I attended as the one representative from Korea. I still remember that at the conference the representatives discussed many problems in the field of agricultural credit cooperatives. Also do I well remember that at the Navy Officer's Club near Manila Beach, I enjoyed the classical dance of the Philippines, the bamboo dance, performed by Philippine girls.

Today, the Fifth Workshop is being held here in Seoul, Korea, and it is a great honor for me to speak before you on this meaningful occasion. The very fact that I, a man who is keenly interested in agriculture financing, have been appointed to the post of Vice Minister of the Economic Planning Board, would seem to attest to the fact that strong emphasis is being placed on agricultural development in the economic policy of the country.

After World War II, this country, as you know, was divided into two parts -- the industrial north and the agricultural south. During the Korean conflict, what industry there was in the South was destroyed. Now, we also have to maintain a 600,000-strong military force. With these heavy burdens we must at the same time exert our effort to develop our economy.

In addition to such general problems we have also many other problems. These problems are common to any of the countries represented here.

Our problems may be characterized, in the first place, by our low national income -- in other words, Korea is a poor country. Our per capita GNP is $99.9, whereas our population increase is 2.9% annually, and our annual increase in per capita income is 1.9%.

The second characteristic of our economy is its unbalanced industrial structure. Our secondary industry comprises only 22.4% of total industry -- it is very low -- with consumer goods industry predominating in the manufacturing sector.

The third point is the unbalanced international balance of payments. This unbalanced international payments position requires us to obtain foreign assistance every year. To give you an illustration, our foreign currency expenditures in 1964 amounted to $443 million, as against foreign exchange income, both visible and invisible, of only $221 million. This meant there was a deficit of a like amount of $221 million. Of this shortage, $194 million was covered by foreign assistance, with the remainder covered by other types of capital transactions.

The fourth point is that we are also lacking in capital and technology, including managerial skill.

Finally, we are also lacking in economic ethics. For example, tax evasion is rather widespread, and market transactions are not always regular and honest. Not only in the field of economic activities is there this problem, but also there is the fact we have no dominant religion or guiding philosophy. This lack of a guiding religion and philosophy affects the fair and honest economic activity of the country.

The problems I have just mentioned to you are the characteristics of our economy, in addition to the general problems to be remedied and solved. In order to solve these problems, the government decided to launch a Five-Year Economic Development Plan. The basic object of the Plan is to strengthen and expand basic industrial production capacity so as to improve the industrial structure and to improve the international payments position. Thereby we will build the foundation of a self-sufficient economy. The government has invested rather enormous amounts in such infra-structure fields as power, railroads, highways, and harbors, as well as in such basic industry as an oil refinery, cement plants, etc.

In the agriculture sector, the government has organized agricultural cooperatives to strengthen agriculture activities, and furthermore the government has taken measures to eliminate usurious money lending. Also, the government has encouraged and strengthened agricultural extension activities, while enacting an agricultural products price stabilization law to insure an equitable return to the farmers for their products.

These measures I have just mentioned to you will encourage and contribute to the higher production of agriculture. This at the same time, however, entails rather difficult problems. These

measures require enormous amounts of financial resources from the government budget, and therefore the Economic Planning Board, which includes the Bureau of the Budget, has been placed in a position of always tangling with the Ministry of Agriculture concerning this financing. As you see, I'm a slender man and therefore always beaten by the Minister of Agriculture and, therefore, eventually considerable investment has been made in agricultural projects.

As a result of such rather ambitious investment, our economy has grown remarkably. In 1962 (the first year of the Five-Year Plan) our economic growth was 3.5%. In 1963, it rose to 6.8%, and in 1964, last year, economic growth was 6.9%. We are satisfied with our economic growth.

Our industrial production index in 1964, including mining, manufacturing, and power generation, now on a basis of 1960 as 100, was up to 148.4% -- an increase of 48.4% . As a result of our increased production, our industrial structure has been improved. In 1955, secondary industry occupied only 15.1% of total industry, rising by 1964, however, to 22.4%. This indicates that the Korean economy, although slow, is being industrialized.

Our economic development has also been featured by a rapid increase in exports. Until several years ago, if anyone asked a Korean government official as to our export magnitude, we could not refer to an exact figure. We would simply have answered them, "Between $20 million and $30 million." In 1960, however, our exports amounted to $32.8 million, and last year, they increased remarkably to $119 million.

Last year, for the first time since 1945, there was a surplus in power generation and cement production. We had been annually importing $4 million to $5 million worth of cement, but last year we had a surplus in cement production, which resulted in some criticism.

The execution of the Five-Year Economic Development Plan has, however, created enormous problems to overcome. The first problem has been economic stabilization. In order to invest in various economic development plans, the government has had to supply more money. By the end of 1964, the total money supply increased by 96% over the 1960 level. Also, the government had to provide much of the needed foreign exchange. In addition to this, in 1962 and 1963 we had rather bad crops. This made for a

rise in grain prices, in turn affecting prices of other goods. We recognize that if heaven does not cooperate with us, it is extremely difficult to execute the Five-Year Economic Development Plan. The wholesale price index in 1964 was 201, basing 1960 as 100.

In view of such situations since 1963, we have launched a very strong, effective financial stabilization program. For example, the FY 1964 budget contained, not even a single penny, in deficit. We eliminated all deficit elements. The budget for FY 1965 has been balanced, and also at the same time we curtailed the money supply in the private sector. Many businessmen criticize this financial stabilization program, but with the strong determination of the government, we are executing this program.

As a result of this strong, effective stabilization program, during the period June 1964 through April of this year, prices have increased only 2.2%, and we think our program has very much succeeded.

Secondly, the important policy is the mobilization of domestic capital. In other words, it has to do with domestic savings. During the past ten years, the domestic savings ratio was only 4.1%. Of course, with low income, as I mentioned earlier, it is difficult for us to save, but on the other hand it should be admitted that the consumption level for some sectors is unduly high.

In order to curtail such consumption, the government has launched very strict measures. Last year, for example, in formulating our goods demand and supply program, there was a request to purchase a number of milk cows. At that time, I refused to allocate foreign exchange to purchase such cows, and I said jokingly, that when I was a little child I was not fed by such cow's milk, but was fed by my mother's milk. Still I have become the Vice Minister of the Economic Planning Board. I recognize no necessity of importing cows to produce milk. And this, my joke, was reported by newspapers and was sometimes a target of newspaper criticism. This illustrates, however, how eager we are to economize, and to cut our consumption trend. Also, to give you another example, of course, Korean ladies are pretty ladies, as you see. And they'd be more pretty with fine, nice looking dresses and this would please myself and other, but to make them prettier we have to spend more foreign exchange to import textiles. Therefore, we severely and flatly cut foreign exchange allocations for importing foreign materials.

In addition to cutting such consumer goods, we have revised our Commodity Tax Act. This tax law provides for the levying of very high taxes on luxurious items, and also on goods which are considered to be non-urgent.

In the third point, as one of the important economic policies, the government has been encouraging increased exports. To build a self-sufficient economy, we must improve our international payment position. In order to do this we have to reduce as much as possible our imports and rapidly increase our exports. For this purpose, the government has taken a series of measures to meet these objectives. First, the government has introduced an export financing program. Secondly, the government has exempted taxes to encourage export, and also, when export goods are being transported by railway, they receive discount rates. Also, for exploring and developing markets overseas, the government has provided as much assistance as possible, and in March of this year, 1965, we introduced a new floating foreign exchange rate system. This will definitely help increase our exports. The government is encouraging the development of new items for export. In the past, for example, no one would imagine that human hair and pig bristles would be exported from Korea. Both these are now export items, however. Last year we exported 2,000 young men to West Germany as miners. Some of my friends have recommended to me we export our girls; I flatly refused this.

This year we have set our export target at $170 million. Compared with last year's exports of $120 million, this is a big amount. As of April, this year, we had achieved exports of $36 million. If we keep going at this level, we think this year's target of $170 million exports is possible.

Lastly, starting from this year, the government has launched a Seven-Year Food Production Increase Program. This program is one of the very important economic policies of the government. In the 1965 budget, W 7.7 billion has been earmarked for investment in primary industry. This W 7.7 billion in government investment represents a 55% increase over that of last year, 1964, in this sector. This should be compared with investment in secondary and tertiary industries. Secondary industry investment increased by 25% over last year, and tertiary industry investment by 29%. This means high priority is placed by the Government on the development of the agricultural field.

In order to supply ample fertilizer at the time it is needed, the government will soon begin building two new fertilizer plants. The contracts for building these two new plants are forthcoming. When these two new plants are completed, the domestic requirement of fertilizer will be almost covered. Besides building such fertilizer plants for a sufficient fertilizer supply, we also plan to build a farm tools manufacturing plant for the mechanization of farming in Korea.

I have so far explained to you some of the characteristics of our economy and some of the important economic policies of the Republic of Korea Government. We have seen aborted industrialization efforts in many underdeveloped countries, the reason for this having been they neglected investment in and the development of the agricultural sector. We do not want to repeat such mistakes already experienced by other countries. With these experiences in mind, the government is working very hard to enhance the farmers' standard of living, and also to better the welfare of the farmers and increase their income.

We have here today distinguished delegates from various nations to discuss problems relating to agriculture. All of you are highly experienced experts in this field and you are also very reliable doctors of the type sickness known to agriculture, and I hope you will enter into a serious discussion and frank exchange of opinion on how to develop agriculture in the area of the Far East. If you give us frank advice, and if you can tell us of the experiences you gained in your country as well as in other countries, the Korean government would like to receive your recommendations for improving the welfare of our farmers and for developing our agricultural economy.

Closing Remarks: Dr. Nam Kyu Chung, Chairman
Fifth Far East Agricultural
Credit and Cooperatives Workshop
(May 22, 1965)

Fellow Delegates, Excellencies, and Representatives:

The past two weeks have been busy days for you, but we trust you have also enjoyed yourself along with the productive results achieved. I am sure that we all have much benefited from the many contributions. To all of you I say a very sincere "thank you".

The discussions and exchange of ideas, which have been most stimulating, should prove worthwhile to the building of a better agriculture in the Far East. A better understanding of the problems and needs of agriculture in this part of the world, and in relation to the total economy, and the part that good agricultural credit systems and good rural cooperative organizations can play are of paramount importance. For unless agriculture moves forward, general economic development is not possible. I am confident that this workshop has blazed new paths of progress to the agricultural development of Korea and the other countries here represented.

The discussions in the plenary sessions and work groups have been on a professional basis and in a cooperative spirit. You have visited the Central Office of NACF, one provincial office, and a number of different types of local cooperatives, and observed the life of our village farmers. I realize that there were some inconveniences on the field trip, but I trust they were not too tiring. The total efforts of the workshop, I am sure, has been a worthy one, and the reported record should have impacts beyond the countries of the Far East.

On this occasion I wish to again express my thanks to my associates in NACF for their contributions and to our advisors for their helpfulness in many ways; and to the delegates and representatives I express a mutual feeling of deep appreciation of your contributions. The support of the Minister of Agriculture and Forestry, Dr. Kyun Hi Tchah, has contributed much to our total achievements. And our deep gratitude is extended to Dr. John M. Eklund for his valuable and stimulating cooperation and helpfulness throughout the planning and carry-out of this workshop. And we should not forget our dear secretaries. To all I express my sincere thanks.

Beyond the words expressed and views exchanged, I have a strong feeling that all of us at this forum are united in heart and spirit and pledged to the development of agricultural cooperatives in the Far East.

And now I hereby formally announce the closing of the 5th Far East Agricultural Credit and Cooperative Workshop. As a token of your participation in this Workshop you may take your nameplate with you. Best wishes to all.

Closing Remarks: Dr. John M. Eklund
(May 21, 1965)

Mr. Chairman, Excellencies, Delegates:

Twelve short days ago this workshop convened as a representation of distinguished cooperative and credit officials from among the free nations of the Far East.

Today the closing session brings together the same individuals with far greater insight into the common problems and opportunities for development in this region, but out of common effort there has emerged a challenging and inspirational format for the future of farmer cooperatives and the operating credit they so sorely need.

Full evaluation of this meeting will be visible only after these ideas, problem-solving technicques, and insight have been plowed back into the country programs.

There are two major yardsticks, however, which can be immediately applied -- first, what are the implications of this workshop for cooperatives and farm credit not only for the Far East but for all regions of the world. These, I believe, are as follows:

(1) For the first time there has been a full-fledged consideration of the relationship of farm credit institutions (both private and governmental) and the marketing and processing cooperative instruments. There has been by means of this joint consideration a reconciliation on a number of basic points which have, heretofore, frustrated agricultural planners and policy makers. The Far East countries are to be commended for taking this giant step forward in looking to the full "kit of tools" for producer income and increasing productivity.

(2) In the Far East unique advancements are already in the making by means of multi-purpose cooperative mechanisms. The examination of these procedures and the problems related to these arrangements will be of immeasurable assistance to all areas of the world, both developing and economically developed.

(3) The role of cooperatives through bi-lateral trade arrangements, and the concepts of broader cooperative trade opportunities can become the cutting edge not only to the countries of the Far

East but leading as well toward a more favorable climate for agricultural trade inter-regionally.

The second yardstick relates to what this Workshop might have achieved as regards the direction and vitality of cooperatives and credit in the Far East itself.

This being the 5th Workshop, there is considerable tradition over the life span of the workshop, but for the first time the considerations were cast in the broader terms of the total frame of reference within which cooperatives and farm credit must operate.

Without doubt a high-water mark has been reached in looking at the total needs of farmer producers. Such evidence is replete in all of the work of this meeting in its concentration time after time on two major focuses - (1) that these institutions of credit, marketing and supply are a means to an end - the end itself being what effect these institutions have on individual farmers, their family, and their communities, and (2) the linking up of development of cooperatives and farm credit to the total social and economic progress of the respective countries.

The ingredients for success of this broad confrontation of issues and problems has been amply demonstrated. These included exceptional pre-planning, administration, preparation, implementation, participation, and follow-up. The Korean committee left no stone unturned in each of these steps and performed admirably under the skilled guidance of Dr. Chung. The Government of Korea contributed generously in talent, attention and resources. The USOM in Korea should be commended for the high level advisement and operative assistance. Finally, a personal evaluation from one who comes from a great distance. It has been my high privilege to work these days with great cooperators and dedicated leaders. If translated into action the substantive considerations you have shared will inevitably lead toward dynamic progress among the participant countries and give guidance to all those who, with you, find in cooperative - private enterprises a bulwark for a free democratic society.

Closing Speech: Dr. Kyun Hi Tchah
Minister of Agriculture & Forestry
Seoul, Korea (May 22, 1965)

Mr. Chairman and distinguished delegates . . .

As we bring this Workshop to a conclusion, it is again my pleasure to speak before you.

I should like first to express to you my personal congratulations and gratitude for the high standard of performance demonstrated at this Workshop. I have been very much impressed by the fact that from the very first day of the conference you have all worked so hard, and that as a result this significant meeting has been brought to a successful conclusion.

Through your country reports, the major papers you have presented, and the discussions you have carried out at the work-group sessions, we have all come to learn a great deal. We have become better acquainted with our common problems, and have at the same time -- as the result of your unreserved exchange of experience and knowledge -- been given a better grasp on the ways and means for solving those problems. The cooperation which has been demonstrated in working toward solutions has been most gratifying.

Your approach to our problems in agriculture is based on a recognition of the paramount importance of the role of agricultural cooperatives and credit in the rural development effort. This approach has impressed me deeply, and I very much regret I have been unable to personally participate in the various discussions.

I hope that by your coming to Korea, you've had an opportunity to better understand our situation here, and the efforts we are putting forth. We recognize a long road lies ahead, but believe also that with the continued encouragement, understanding, and support we have received from so many of you in the past, we will continue to progress toward our goals.

I hope also that when you have returned to your home countries, you will implement the recommendations and resolutions of the Workshop in an endeavor to attain your own respective goals and to better the lives of your fellow countrymen.

The honorable delegation from the Kingdom of Thailand has extended an invitation to hold the next workshop of this series in Bangkok. I know we all very much appreciate this gesture of friendship and hospitality.

I should like also before closing to acknowledge and to express my appreciation for Dr. Eklund's valuable advice and assistance, which has contributed so significantly toward the success of this session.

I should like also again to convey my thanks to each of the delegations, individual delegates, and observers for their contributions to this meeting.

I hope your stay in Korea has been a pleasant one, I regret only we could not have done more to make your time here more comfortable and interesting, and I hope you will find an opportunity to at some future date again visit us here in Korea.

May you all have a safe and pleasant journey home, and continued health and happiness in the years to come.

NAME LIST

1st Work Group:

Representing Country	Name	Capacity
Korea	Duck Yong Lee (Chairman)	Delegate
Philippines	Solomon G. Cabrera (Secretary)	"
China	C. Y. Lo	"
China	C. Y. Hsu	"
Japan	Taneaki Otabe	"
Korea	Jung Jae Park	"
Korea	He Sung Lee	Observer
Philippines	D. N. V. Girado	"
Thailand	C. Saranaga	Delegate
Vietnam	Nguyen Van Hao	"
Ryukyus	Shoko Yamasato	Observer
Ryukyus	Tatsuo Saito	Advisor
Thailand	G. L. Walker	"

2nd Work Group:

China	H. C. Ho (Chairman)	Delegate
Korea	Bok Rae Park (Secretary)	"
China	Y. H. Huang	"
Japan	Masatoshi Saito	"
Korea	Kack Kyu Choi	"

Korea	Bong Taek Jung	Observer
Philippines	E. Salvatierra	Delegate
Thailand	Prayard Chandrapuang	"
Thailand	Chusak Himathongkom	"
Vietnam	Nguyen Quang Luu	"
Ryukyus	Chozo Ishimine	Observer
AARRO	A. F. Gamble	"
I C A	Marian Radetzki	"
Vietnam	Henry H. Gerber	Advisor

3rd Work Group:

Korea	Song Chil Lee (Chairman)	Delegate
Philippines	H. O. Francisco (Secretary)	"
China	G. Y. Yu	"
China	P. C. Yen	"
Japan	Masao Yoshino	"
Korea	Yeong Gil Lee	Observer
Korea	Yong Hwan Kim	Delegate
Philippines	Pastor Cortes, Jr.	Observer
Thailand	Ratana Sucharitkul	Delegate
Thailand	Isra Nitidandhaprabas	"
Vietnam	Le Van Nghiem	"
Ryukyus	Nakahiro Yafuso	Observer
ECAFE	Mohinder Singh	"
Korea	V. Webster Johnson	Advisor

IBRD	Pierre Courbois	Observer

4th Work Group:

Thailand	Chern Bamroongwongse (Chairman)	Del.
Philippines	Alexander Brillantes (Secretary)	Delegate
China	S. S. Liu	"
Japan	Morifusa Munitomo	"
Korea	Sun Kyu Shin	"
Korea	In Ki Min	"
Korea	Tae Hun Kwon	Observer
Vietnam	Nguyen Cuu Minh	Delegate
Ryukyus	Seiji Naka	Observer
US Coop League	T. B. Koehn	"
Thailand	C. Kalayanamitra	Advisor

5th Work Group:

Philippines	Mariano E. Gimenez (Chairman)	Delegate
Korea	Woi Shik Shin (Secretary)	"
China	S. W. Ying	"
China	C. Y. Liu	"
Korea	Ye Yang Kim	"
Korea	SR. Mary Gabriella	Observer
Thailand	K. Devahastin	Delegate
Vietnam	Ho Liem	"
Ryukyus	Saburo Ishikawa	Observer
Philippines	Harold Koone	Advisor

P R O G R A M
THE FIFTH FAR EAST AGRICULTURAL CREDIT AND COOPERATIVE WORKSHOP
May 19 - 26, 1965
Walker Hill Resort
Seoul, Korea

Date	Hour	Activities
Saturday, May 8	13:00	Meeting of Chief Delegates, Consultant and USOM Advisors
		Discussion of workshop arrangements
Sunday, May 9	09:00-12:00	Registration of Delegates
	14:00-19:00	Tour of Seoul
Monday, May 10	10:00-11:00	Opening Ceremony
	14:00-17:00	Plenary Session
		1. Introduction of delegates and observers 2. Election of workshop officials 3. Adoption of agenda and procedures 4. Presentation of country reports by each delegation
	19:00-21:00	Reception by the Chief Delegate of Korea (Dr. Nam Kyu Chung)
Tuesday, May 11	09:00-10:00	Special address by the Deputy Premier (H. E. Key Young Chang)
	10:00-12:00	Plenary Session
		Continuation of presentation of country reports by participants

Date	Hour	Activities
Tuesday, May 11	14:00-17:00	Plenary Session
		Presentation and discussion of major papers
Wednesday, May 12	09:00-12:00	Plenary Session
		1. Continuation of presentation and discussion of major papers 2. Formation of work groups
	14:00-17:00	Work Group Session
		1. Election of group chairmen and secretaries 2. Group discussion
	19:00-21:30	Reception by the Minister of Agriculture & Forestry (H. E. Kyun Hi Tchah)
Thursday, May 13	09:00-12:00	Work Group Session
		Group discussion
	14:00-17:00	Work Group Session
		Group discussion
Friday, May 14	09:00-12:00	Work Group Session
		Group discussion
	14:00-17:00	Work Group Session
		Group discussion
Saturday, May 15	09:00-11:50	Visit the National Agricultural Cooperative Federation (NACF)
	12:00-13:00	Luncheon at Chosum Hotel by NACF

Date	Hour	Activities
Saturday, May 15	13:10-13:40	Visit Rural Handicrafts Promotion Center
	13:50-14:30	Visit Seoul Cooperative Marketing Center of NACF
	15:10-16:00	Visit Seoul Milk Cooperative
Sunday, May 16	06:00	Leave Walker Hill Hotel for four days field trip
Monday, May 17		Field Trip
Tuesday, May 18		Field Trip
Wednesday, May 19		Return to Seoul
Thursday, May 20	09:00-12:00	Work Group Session
		Preparation of group reports
	14:00-17:00	Work Group Session
		Work on reports by the work groups
	19:00-21:00	Reception by the Director of USOM/K (Dr. Joel Bernstein)
Friday, May 21	09:00-12:00	Plenary Session
		Preparation of reports by each work group
	14:00-17:00	Plenary Session
		Adoption of work group reports
	19:00-22:00	Farewell Party by the President of NACF (Mr. Bang Hum Moon)

Date	Hour	Activities
Saturday, May 22	09;00-10;00	Plenary Session
		Adoption of workshop resolutions
	10;00-11;00	Official closing of the workshop
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Sunday, May 23	09;00-17;00	Visit to Panmunjom, the Headquarters of the UN Military Armistice Commission (Attendance Optional)
Monday, May 24		Post-Workshop Free Observation Period (Volunteers only)
Wednesday, May 26		

The period between May 24-26 is open to all delegates and observers for free observation on voluntary basis. This program includes a more intensive study and observation in the following fields:

1. Credit Service
2. Marketing & Purchasing Activities
3. Training and Guidance Activities

Each participant is free to choose the field in which he is interested. Participation may be limited to special field of interest only.